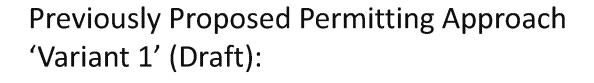
Previously Proposed Permitting Approach (May 19, 2016)

'Variant 1'

- Issue NorthMet NPDES Permit
 - Authorize Construction of Seepage Capture, WWTP, Augmentation
- Maintain Existing Cliffs Erie NPDES Permit
 - Terminate Upon Successful Demonstration of WWTP Operation
- Maintain Existing Cliffs Erie Consent Decree
 - Terminate TB-Portion Upon Successful Demonstration of WWTP Operation

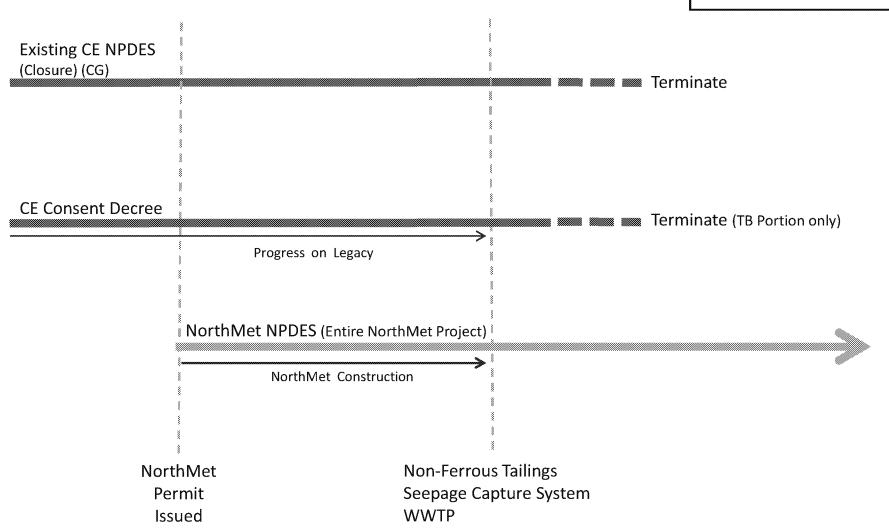


<u>Key</u>

CE = Cliffs Erie

CG = Corporate Guaranty

NM = NorthMet



Proposed Permitting Approach

- Advantages:
 - Achieves Environmental Compliance Sooner Than Existing Cliffs Erie Path Alone
 - Allows Timely Construction of NorthMet Trench, WWTP
 - Maintains Cliffs Erie Permit and Consent Decree as a Contingency for any NorthMet Delay or Abandonment

Proposed Permitting Approach

- Achieves MPCA Objectives:
 - Is Legal
 - Removes Previously Identified Barriers
 - Provides Added Layer of Regulatory Responsibility
 - Is Compatible with Minnesota DNR Goals and Responsibilities
 - Achieves Environmental Compliance Sooner